

Message Text

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INR-07 INT-05 L-03 NSAE-00 NSC-05 PA-01 AID-05
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COMMERCE:RRIZIKA
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TO USDEL MTN GENEVA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: QUESTIONS ON S&D IN CANADIAN SUBSIDY AND
COUNTERVAIL PROPOSAL

1. THE LDC SUBGROUP OF THE TPSC HAS REVIEWED THE CANADIAN
SUBSIDY AND COUNTERVAIL PROPOSAL AND HAS THE FOLLOWING
QUESTIONS. WHETHER AND HOW THE DELEGATION ASKS THE
QUESTIONS IS AT ITS DISCRETION.

A. WHAT COUNTRIES WILL BE LISTED AS DEVELOPING COUNTRIES
IN ANNEX D? WHAT CRITERIA WILL BE USED TO DETERMINE
WHETHER A COUNTRY SHOULD BE INCLUDED ON THE LIST? WHO
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WILL MAKE THE DETERMINATION? WILL THE LIST BE REVIEWED
PERIODICALLY?

B. HOW WOULD THE LIST OF PRODUCTS REFERRED TO IN ARTICLE
7A BE DEVELOPED? WHAT CRITERIA WOULD BE USED AND WHO
WOULD MAKE THE DECISION TO INCLUDE PRODUCTS ON THE LIST?

C. WOULD EACH DEVELOPING COUNTRY LISTED IN ANNEX D BE PERMITTED TO APPLY ALL TYPES OF EXPORT SUBSIDIES TO EACH PRODUCT LISTED IN ANNEX D? WOULD ANY DISTINCTIONS BE

MADE AMONG THE LEVELS OF DEVELOPMENT OF VARIOUS DEVELOPING COUNTRIES OR IN THE COMPETITIVENESS OF THE VARIOUS INDUSTRIES WITHIN EACH COUNTRY? IF SO, HOW ARE LEVELS OF DEVELOPMENT TO BE MEASURED? WHAT CRITERIA WOULD BE USED TO JUDGE THE DEGREE OF COMPETITIVENESS? IS ANY SPECIAL TREATMENT FOR THE LEAST DEVELOPED FORESEEN?

D. THE CANADIAN PROPOSAL STATES THAT THE MULTILATERAL BODY WOULD SET THE TIME PERIOD SUBSIDIES WOULD BE ALLOWED. WHAT WOULD BE THE CRITERIA FOR THE DURATION OF SUBSIDIES? WOULD THESE TIME PERIODS DIFFER ACCORDING TO LEVELS OF DEVELOPMENT?

E. THE PROPOSAL DOES NOT ADDRESS THE QUESTION OF THE AMOUNT OF SUBSIDIZATION TO BE PERMITTED. HOW WOULD THE PERMISSIBLE AMOUNT OF SUBSIDIZATION BE DETERMINED? WHO WOULD MAKE THE DETERMINATION? WOULD DUE ACCOUNT BE TAKEN OF THE DIFFERENCE IN LEVELS OF DEVELOPMENT OF COUNTRIES AND THE VARYING DEGREES OF COMPETITIVENESS OF INDUSTRIES IN THOSE COUNTRIES?

F. AS WE UNDERSTAND IT, ARTICLE 7 (B)(B) PROHIBITS A DEVELOPED COUNTRY FROM COUNTERVAILING AGAINST A LDC'S (OTHER SUBSIDY) (DOMESTIC SUBSIDY) WHICH ELIMINATES OR REDUCES DEVELOPED COUNTRY COMPETITION FROM THE PRODUCT LIMITED OFFICIAL USE

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OF AN IMPORT SUBSTITUTION INDUSTRY, UNLESS THE LDC HAD BOUND ITS DUTY ON THE PRODUCT. IS THIS A CORRECT INTERPRETATION? WHAT IS RATIONALE FOR THIS PROVISION? MIGHT THIS PROVISION DISCOURAGE LDCS FROM BINDING TARIFFS, JUST IN CASE THEY WANTED TO KEEP SUBSIDY OPTIONS?
VANCE

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Message Attributes

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